**North Carolina Department of Transportation
Research Project 2002-11:
Regionalizing Public Transportation Services**

Final Report—Executive Summary

Prepared By:

Public Transportation Group
Institute for Transportation
Research and Education
North Carolina State University
Raleigh, NC

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Executive Summary

A.   Introduction

The purpose of this research study was to gather information on, and develop preliminary plans for methods to facilitate delivery of public transportation at the regional level in North Carolina. This study identified barriers to the integration of transit systems at the regional level, evaluated best practices from North Carolina and other states, and developed recommendations for programmatic and legislative changes to facilitate the implementation of regional transit systems in both metropolitan and rural areas of the state.

B.   Why Regionalize?

As regions grow in population and geographic area, the demand for transit trips becomes more regional in nature, and transit organizations need to effectively respond to this demand. The creation of a regional transportation agency can offer a number of important benefits:

1. Benefits to Riders—A primary rationale for creating a regional transportation agency is to provide better service to a region's riders. A multi-county transit agency can more efficiently and effectively accommodate trips that cross county lines, which are common for purposes of medical services, employment, training programs, and special employment programs such as sheltered workshops. An adequately funded regional agency may also be able to hold fares at a more affordable level, and be better able to provide rider benefits such as a centralized travel information center.

2. More Effective Regional Planning—The functions of Metropolitan Transportation Planning Organizations (MPOs) and Rural Transportation Planning Organizations (RPOs) are facilitated when there is a regional transportation agency that can develop a comprehensive regional plan for public transportation operations and investment.

3. Ability to Address Regional Transportation Problems—A regional transportation agency can provide a more effective mechanism for addressing such important regional problems as traffic congestion and air pollution.

4. Adequate Funding for Public Transportation—A regional transportation agency can be created with its own dedicated funding source. This can result in a more coordinated or integrated fare systems, and new service in unserved or underserved areas. Dedicated funding can also insure that the transit system can provide matching funds for state and federal grant opportunities.

5. Transportation and Land Use Planning–An effective regional transportation agency can enable more integrated and balanced land use planning.

6. Operational and Administrative Economies—A regional system can provide many operating benefits such as eliminating duplicate routes from overlapping transit system boundaries, coordinating schedules, and achieving operational economies of scale. Equally important, there are opportunities to realize significant savings and efficiencies by consolidating administrative functions into a single agency. Administrative savings are especially prevalent among small and rural multi-county transit systems. In addition to potential savings in labor costs, there are also opportunities to develop and implement more efficient and effective marketing, fare, and other programs at the regional level. Savings may be reinvested in transit systems to improve the quality of their services.

7. Building Rail Systems—A major advantage of a regional transit agency in an urban area is its ability to plan, design, fund and build a regional rail system.

8. <u>Coordination or Consolidation with Special or Rural Public Transportation Services</u>—A regional transportation agency is able to more efficiently provide human service agency transportation, or to coordinate with the service provided by these agencies.

9. <u>Develop Specialized Professional Staff</u>—By centralizing administrative functions, a regional or multi-county agency is more likely to be able to meet the expense of and develop more specialized professional staff.

10. <u>Improved Efficiency and Effectiveness of the Department of Transportation</u>—Given a lower number of local transit systems, the state DOT experiences a reduced administrative burden. A smaller number of transit systems can also make organizing and implementing special projects easier and more effective for state DOT staff.

C. The Current Situation

<u>Transit Systems in North Carolina</u>

There are four principal types of public transportation systems that currently operate in North Carolina:

- <u>Human service transportation</u> – Human service transportation systems operate in six North Carolina Counties. These transportation systems provide transportation to eligible human service agency and elderly clients.

- <u>Community transportation</u> -- There are 78 community transportation systems in North Carolina that provide transportation to the general public, as well as to eligible human service agency and elderly clients. All are single-county systems except for six multi-county systems.

- <u>Urban transit</u> -- There are seventeen metropolitan transit systems operating in North Carolina. Four metropolitan transit systems have consolidated or are consolidating their urban and rural public transportation services.

- <u>Regional transit</u> -- There are two regional public transportation authorities in North Carolina, the Triangle Transit Authority (TTA) and the Piedmont Authority for Regional Transportation (PART). Although the Charlotte Area Transit System (CATS) is not a regional transit system by name, the system provides services that are regional in scope-commuter express services from adjoining counties. All three of these systems have a dedicated funding source, such as a sales tax or rental car tax, that are permitted by state transit legislation.

<u>Transportation Grant Programs</u>

Major rural public transportation grant programs include the federal TEA-21 Section 5310 and Section 5311 programs which are incorporated into the NC Community Transportation Program (CTP), the Rural Operating Assistance Program (ROAP), and the Rural Capital Program.

Metropolitan transit grant programs include the federal TEA-21 Section 5303, Section 5307, and Section 5309 programs, and North Carolina State Maintenance Assistance Program (SMAP), State Capital Match Program, and Rideshare Program.

Federal transportation legislation permits transferring certain funds between transportation programs. State and local officials can choose to transfer funds from programs administered by the

FHWA, such as Congestion Mitigation and Air Quality Improvement (CMAQ) and Surface Transportation Program (STP), to the FTA for transit projects.

<u>North Carolina Legislation</u>

There are three North Carolina statutes that permit the creation of regional transportation authorities. The Public Transportation Authority Act (PTA Act) was passed in 1977 and has been used to create several of the multi-county *rural* authorities such as the Choanoke Public Transportation Authority. The Regional Public Transportation Authority Act (RPTA Act), passed in 1989, was used to create the Triangle Transportation Authority (TTA). The Regional Transportation Authority Act, passed in 1997, was recently used to create the Piedmont Authority for Regional Transportation (PART).

D.   Case Study Findings

ITRE conducted case studies of 35 transit systems from 13 states plus North Carolina, comprising 15 metropolitan area systems and 20 rural systems. The study gathered information on the current state of regional public transportation systems, as well as policies and procedures to emulate and those to avoid. Information from the North Carolina case study sites also provides a basis upon which further regional coordination/consolidation may be developed.

<u>Rural Multi-County Transit System Findings</u>

Organizational / Institutional

1. <u>State Legislation Promoting/Mandating Regional Transit Systems</u>: Many of the case study site states have legislation that requires some level of regional transit consolidation or coordination. Those states with such legislation tend to have more regional transit systems, and a higher overall level of public and human service transit consolidation.

2. <u>Flexible Legislative Provisions</u>: Legislation may allow regional systems to be governmental systems that are organized through intergovernmental agreements, or to be private non-profit agencies.

3. <u>Relationships Among Constituent Organizations</u>: Contracting and agency membership are the two principal types of relationships that can be established to create multi-county transit services. Case study site and state department of transportation spokespersons favored organizational relationships in which the counties and agencies become members of a regional transit system. This membership gives counties and agencies greater control over service quality, costs, and short- and long-term development because their board representative(s) are constantly involved with and vote on service issues. Membership tends to provide a higher level of long-term stability than contracts.

4. <u>Degree of Local Control</u>: A perceived loss of control is a common issue or fear that may become a barrier to the consolidation or coordination of transit services. Human service agencies and county governments appear to be reluctant to trust transit service to an agency that is administered or operated from another county or town.

5. <u>Governing Board Representation</u>: There is a common governing board structure in place at a majority of the case study systems in which the governing board typically had one elected official or county manger from each county and major municipality (above a threshold population).

6. Governing Board Autonomy: The majority of the regional transit systems in this study began as part of a regional human service agency. The board for a regional human service agency is generally not able to focus as deeply on a single program such as transit as can a board dedicated to that specific activity.

7. Communications Among Transportation System Member Agencies: Clear communications and an open governing process were common ingredients to successfully forming and operating regional transit systems.

8. Local Champion: The importance of leadership in initiating and sustaining multi-county systems cannot be overemphasized.

9. Contiguous Boundaries with Human Service Agency Regions: Human service agencies are often organized on a multi-county, or regional level, and these regional boundaries may not match those of a regional transit system. The results of these boundary differences can be increased administrative costs, lost opportunities to contract with regional human service agencies, and operations service gaps. Regional transit and human service boundaries that do not match can also cause some systems to lose contracting opportunities. This difficulty in bidding on human service transit contracts can also leave service gaps in the transit system service.

10. Degree of Local Control: In some cases, influential human service agencies have either blocked the formation of a regional public transportation system, or significantly decreased the efficiency and effectiveness of the transit service by supporting alternative transit operations.

11. Effective Coordination with Urban Transit Systems: Although a few of the case study transit systems coordinated services with adjoining urban transit providers, most of the systems had only low levels of such service coordination.

12. Labor: The case study sites did not identify any notable problems with labor unions or differing pay rates.

13. Relationships Between Transportation and Human Service Organizations: Many of the case study sites began transit operations as part of a human service agency but eventually separated from the agency to become a public transit system. The transit service divisions sometimes found that service innovation, efficiency, and effectiveness was constrained by the umbrella agency work rules, shifting resources, policies, and budgets.

Funding

1. Regional Level Planning: State DOTs have contributed to the formation of regional transit systems through their provision of technical assistance and the application of funding for planning purposes.

2. Funding Incentives: Funding incentives that favor regional and multi-county transit systems can be very effective. In some cases, the case study sites believed that state DOT and human service grant funding for capital, planning, and administration were more favorable once they formed a multi-county transit system. In other cases, state legislation or state DOT policy directs funding specifically to regional transit systems or authorities.

3. Funding Distribution: Some transit systems receive public transportation and human service grant funding and contracts on a regional rather than a county-by-county basis. A regional funding distribution allows a transit system more flexibility to apply the funding to areas and services that have the greatest need.

4. Intermingling Funding Sources/Streams: Having the flexibility to intermingle program funding throughout the entire service area is important. Many of the interviewees in this study also desired greater flexibility to intermingle the different public transit funding for administrative,

operations, and capital expenses. Those interviewees who served a small urban area, or had a small urban area adjacent to their service area, also wanted the flexibility to intermingle urban and rural grants.

5. Dedicated Funding Source(s): A dedicated funding source is especially important to a regional transit system because the guaranteed revenue reduces the likelihood that the lack of local funding becomes a barrier for communities to work together in a regional transit system. If the funding is targeted only to regional or multi-county systems, it provides a very strong incentive for forming such transit systems.

6. Equity in Local Contribution: The amount and equality of local contributions appeared to be an issue mostly in systems that did not use formulas based on service consumption, or had poorly defined contribution formulas.

7. Competitive Contracts: In some states, the transportation procurement process of human service agencies creates considerable competition among different regional transit systems. Competition often results in lower-cost, higher quality service, however, the temporary nature of competitive contracts can deter the formation of progressively more efficient regional transit systems.

8. Lack of Fully Allocated Cost Accounting Practices: Case study site contacts stated that in many instances, human service agencies perceived that their costs to transport clients are less than those proposed by public transit systems. There is an inability or disinterest at some human service agencies to properly calculate their fully allocated costs (FAC) for delivering transit services.

9. Inability to Implement Authorized Funding Mechanisms: Legislation enabling regional transit systems often permits municipalities or counties to collect a variety of taxes to fund transit. However, these taxes are infrequently implemented because local elected officials, authority board members, or voters have not approved such measures, or in some cases the state legislature never approved the necessary appropriation.

Administration

1. Resource Savings: There was a universal belief among case study site contacts that regional transit systems can offer administrative efficiencies compared to single-county systems[1]. The staff of the transit offices at the various state DOTs believed that having regional and multi-county transit systems helped to reduce their administrative burden to manage grant funding and regulatory programs, and organize and deliver technical assistance.

2. Conflicting Reporting Requirements: Some regional transit systems must use a variety of billing formulas, data, and cycles, generate different report formats, and maintain multiple types of eligibility records for their customers. This problem appears to occur less frequently among transit systems that contract with human service agencies, such as Medicaid and Area Aging Program, on a regional rather than a county-by-county basis.

3. Non-Uniform Regulations, Policies and Procedures Throughout the Region: The regulations, policies, and procedures can become complex for a regional system. Implementing standard procedures for call-taking, billing, and reporting throughout a region (or, statewide) facilitates the administration and operational processes of the system.

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[1] Cited by representatives from: RIDES Mass Transit District, 10-15 Regional Transit Agency, Kennebec Valley Community Action Program, Choanoke Public Transportation Authority, Kerr Area Transportation Authority, Santee Wateree Regional Transportation Authority, East Tennessee Human Resource Agency, Capital Area Regional Transportation System, Heart of Texas Council of Governments, Potomac Valley Transit Authority.

4. Multiple Administrative Units: A few multi-county systems are required to use the administrative support services of each of the member counties, effectively reducing administrative benefits of the multi-county system by creating substantial administrative paperwork burdens.

5. Regional Administrative Entities: Several states, such as Texas, Florida, Kansas and Illinois, incorporate regional entities, such as state DOT district offices, into the administration of rural transit systems.

Operations

1. Availability of Specialized Professional Skills: Larger public transit systems are often able to hire staff with greater specialization in areas such as marketing, accounting/finance, operations, administration, or maintenance.

2. Variety of Transportation Services: Rural regional transit systems are more likely to develop and implement fixed-route, deviated route, and other types of service in addition to traditional demand-responsive service. This can be attributed to economics of scale, and a greater likelihood of having staff with specialized operations planning skills. Serving a multi-county area can also facilitate testing and implementing new types of services.

3. Maintenance: Regional transit systems may be able to realize economics of scale by operating fewer maintenance facilities and/or employing fewer staff than several transit systems each serving only one county. Potential economies should be investigated on a case-by-case basis to account for local conditions. Special maintenance skills, such as those required to maintain diesel engines, may be beyond the capabilities of small transit systems.

4. Inter-Regional Transit: Transit operations on the scale of a regional system can facilitate the planning, operations, and coordinators' of inter-regional transportation services.

5. Adherence to Non-Productive Operations Practices: As single-county transit systems develop into regional systems, some systems retain operations practices that are not efficient or effective at the larger scale of operations

6. Distributed vs. Centralized Operations: The case study sites exhibited a variety of operations models, ranging from a completely centralized operations system to having an operations center in each county.

Metropolitan City-County Transit Systems

Organizational/Institutional

Key findings involve use of one of three types of organizational/institutional models, governing boards, geographic area served, enabling legislation, and general public vs. human service transportation.

1. Organizational Models—Three basic types of transit models were studied:

- City- or County-Dominated systems are primarily focused on traditional fixed-route bus service within the city. In general they do not provide human service transportation other than the ADA (Americans with Disabilities Act) required complementary service for the disabled. Organizationally, they are usually a department of city government. Service outside the boundaries of the political jurisdiction is usually both limited and provided on a contract basis.

- Consolidated (or Unified) systems are usually the next stage in the evolution of city- or county-dominated systems when a different organizational form is needed to bridge the multiple political jurisdictions or organizational boundaries involved. This usually takes the form of an independent transportation authority with its own governing board and geographic boundaries that include multiple political jurisdictions. Often some kind of taxing authority is also provided for operating funds and/or capital needs. A variation of an authority is a system that has consolidated by some kind of interlocal agreement. Consolidated systems can be organized around county boundaries or the urbanized area.

- "Federated" (or Composite) systems are usually an umbrella organization that is created to provide more comprehensive regional service, planning, coordination, and/or funding. Existing transit operations under the umbrella agency remain somewhat autonomous, often having their own governing boards.

2. Governing Boards—A governing board needs to be sufficiently representative of the various political jurisdictions and stakeholders in order that the various interests feel sufficiently represented (or protected). A careful balance has to be achieved between adequate representation and manageable size. A related issue is how to give the constituent groups or areas a proportionate vote on the board that represents their relative "importance" in the region, whether this is measured in terms of population, taxes contributed, service received or transit usage. Some elected transit boards in the country have agendas that are mainly political, introducing too much politics into such decisions as where services are provided, where rail lines are built, and what should be the fare structure. A particularly difficult issue is how to structure a board where geographic areas or political jurisdictions have the ability to opt in or out of the authority.

3. Geographic Area—Sometimes the legislation governing regional transit authorities allows areas within the boundary to opt out of the authority, or for areas outside the boundary to opt in. There are generally two methods used to opt in or opt out: the issue is put before the voters; or, a decision is reached by the relevant political jurisdiction, e.g., by a city council or county board.

4. Enabling Legislation—The case study sites demonstrated four different ways of establishing city-county transit systems:

- No legislation. The system was established as a department or unit of city or county government.

- Interlocal or intergovernmental agreement. These more regional systems were formed by legal agreements between political jurisdictions as permitted under state law.

- Generic enabling legislation. These authorities or districts were formed under general state enabling legislation pertaining specifically to transit systems.

- Specific state legislation. Some regional transit authorities were formed under legislation directed specifically to that authority.

5. General Public vs. "Human Service" Transportation—In general, the city-county transit systems do not provide "human services" transportation directly. It is usually provided through a subsidiary or private contractor.

Funding

There are four key issues related to funding:

1. Sufficiency—Is there enough funding?

2. Funding "equity"—Are sub-areas or jurisdictions receiving benefits commensurate with the funds they provide?

3. <u>Dedicated funding</u>—Is there an assured source of funds as opposed to uncertain annual appropriations from state or local sources?

4. <u>Funding program structure</u>—Are there problems or constraints caused by the structure of funding programs (e.g., the separation of funds into categorical programs such as urban/rural, or operating/capital)?

Funding is a key issue for regional transit systems because most systems earn well below one-half of their operating expenses from the farebox. Most transit systems receive some federal funds, both operating and capital. The experience is varied when it comes to state funding. In Texas, for example, the large "metropolitan" systems do not receive state funds, whereas smaller urbanized area systems do. In other states such as Illinois, Michigan, New York, North Carolina, and Florida, some state operating and/or capital financial assistance is usually provided. Local funds come from a variety of sources such as a tax on retail sales, payroll and self-employment, vehicle registration, and automobile rentals.

When there is not a dedicated source and a transit system must seek annual appropriations from local or state governments, three types of problems are created:

- Political compromises may result in the implementation of transit services with little operational justification.

- The unpredictability of the annual appropriations makes it more difficult to do long-range planning and implementation for the system.

- Lack of a dedicated funding source can also increase the difficulty to secure multi-year capital grants from the federal or state governments because the local share cannot be assured over time.

An important issue in regards to funding is assuring jurisdictions within the region that they are getting a "fair share" of services in exchange for the taxes they are providing.

Administration

There are opportunities for administrative savings and efficiencies if such functions are consolidated in a single agency, especially where these functions can be consolidated into a single physical facility. In addition to possible savings in labor costs, there are also advantages in terms of more efficient and effective programs.

Operations

Some of the systems offered transit services in addition to fixed-route services such as small community-based systems using smaller buses and operating as dial-a-ride or deviated fixed-route services. Several systems also offer "park-n-ride" facilities, and carpooling and vanpooling services. A few of the systems offer rail service and a small number of the systems provide human service transportation.

E.   Regionalization Issues

1. <u>Creation</u>: How should regional transportation authorities be created? Who should be involved? Whose approval should be required?

2. <u>Governance</u>: What should the governing board of a regional public transportation agency look like? How many members should it have? How large does it need to be to adequately represent the region and the key stakeholders? How large is too large? Who should appoint the members? Who or what should they represent? A related issue is whether there should be a separate advisory committee of some kind that would represent important stakeholders such as riders, elderly or disabled persons, or citizens.

3. <u>Organizational Form</u>: There are a number of choices to consider in regard to the appropriate organizational form for a regional agency. Regional systems were created by one of three general legal means:

- Interlocal or intergovernmental agreement as permitted by generic state law.

- Generic enabling legislation that allows any area in the state to form a public transportation authority or district.

- Specific state legislation that applies only to a particular regional area.

4. <u>Funding</u>: Three key funding issues include:

- Should the agency have its own dedicated taxing ability or funding source?

- How to insure that there is a perception of funding equity, i.e., that what sub-areas are receiving in transit service is in some rough proportion to the taxes they are paying? Similarly, to what extent does the agency have the discretion to use its funds where they are most needed as opposed to where they are generated?

- If the agency is to have a dedicated local funding source, what type of tax or funding source is best? Some important criteria when considering taxing sources are whether the tax trends well with inflation, whether it is easy to collect, and whether it will raise sufficient revenue.

The structure of transportation grant programs can cause problems. The federal grant program has separate funding programs for urban and rural service. If a regional agency offers both types of service and it receives federal funding for each, it must follow FTA cost allocation procedures to use the same vehicles for both types of service. In addition, the funds cannot be intermingled and have to be accounted for separately.

Regional systems that provide human service transportation face an additional funding-related problem. Most of this type of transportation is provided through service contracts with a variety of human service agencies. The database and reporting requirements for such services can become quite complex. This task becomes even more difficult if the transit system is not able to standardize the trip cost data and report formats among the agencies.

5. <u>Geographic Area</u>: There are two common ways of defining a region's boundaries. One approach is to use the borders of the county(s) that are part of the region. The other approach is to use the borders of the "urbanized area". Each approach has advantages and disadvantages. The first approach has the benefit of being easy to define. In addition, it usually also provides some room for the urbanized area to expand without crossing over the borders. Particularly for the urbanized area type of agency, another issue often encountered is providing for sub-areas to decide whether or not to join the agency when it is created. Another factor in defining regional boundaries is to consider the boundaries of other important agencies.

6. <u>Direct Service Operations vs. Coordinating vs. Contracting/Brokering</u>: Public transportation agencies can be involved in providing transportation service in one of four basic ways. Some agencies may utilize more than one of these methods:

- Operating the service directly

- Using a private contractor to operate the service

- Coordinating the service provided by other organizations

- Acting as a transportation broker

7. General Public vs. Human Service Transportation: An important issue is whether a regional transportation agency should operate human service transportation as well as for traditional transit service for the general public. There are several key problems with providing human service transportation that make it difficult for a traditional urban transit organization to provide it. On the other hand, rural transit systems often depend on human service transportation to provide needed funding revenue and higher trip densities that result in more efficient service.

8. Urban vs. Rural Service: There are sometimes rural transportation services operating in an urban regional transportation agency's service area. If a regional agency is organized around urban area boundaries, it will likely have to coordinate to some degree with services provided in nearby rural areas.

9. Equity between systems that do not elect to regionalize versus those who do regionalize: If the state or local government reduce a regional system's funding by the amount of staff savings that result from coordination or consolidation actions, there may be less incentive for participating systems to consolidate.

10. Phased versus one-time implementation of regional transit systems: One of the issues to be considered is whether to provide the ability for a regional transit system to start small and then add territory at a future time as appropriate. An alternative is to require that a region start off at some minimum threshold size that will serve the region well into the future.

F.   Recommendations

Programmatic Recommendations

Organizational/Institutional

1. Regional Consultants -- Hire and train one regional coordinator, who would report directly to the PTD Director, and serve as a resource consultant to the Assistant Directors for Community and Metropolitan Transportation.

2. Uniform Human Service Agency Procedures: A recommended first step to accomplish statewide human service transportation standards is the development and use of a standard report format for Medicaid, Work First, and other transportation programs administered by the Department of Social Services. The current reporting system used by the Division of Aging, called ARMS, can serve as a model. It is recommended that state level agencies enforce use of standard formats to be reviewed and approved by the Human Service Transportation Council. In some cases, state agencies have enacted standards but the local agency, such as a county level office, has attached additional requirements. A second step to the development and use of uniform statewide standards is to develop and implement a standard procedure for human service agency clients' trip reservations.

3. Coordination and Consolidation of CTIPs: The PTD should coordinate or consolidate the Community Transportation Improvement Plan (CTIP) process among counties that appear to be good candidates for forming a regional city-county or multi-county transit system. At a minimum, the CTIPs for community transportation systems that are located in areas identified as being potential regional transportation systems should be conducted and completed at the same time, be

completed by the same consultant, and provide at least one scenario for a consolidated transit system.

Funding

1. <u>Transitional Funding</u>: Planning funds will be required to develop a coordination/consolidation plan for each new regional transit system. Planning funds will also be required to develop and evaluate potential inter-county routes and services. Administrative funds will be required to train and develop staff for changing job responsibilities. It is not recommended that administrative funding for staff positions be reduced, but instead be maintained at current levels, at a minimum. Regionalization offers an opportunity to incorporate personnel with additional skills under both centralized and distributed methods of organization.

Regional and multi-county transit systems may require additional capital funding for the consolidation of operating and maintenance facilities, consolidation or coordination of call taking, scheduling, routing, or dispatching functions, linking or consolidating of existing radio systems, or purchase of new types of vehicles.

Operating funds will be required to implement new and/or modified services and to develop and implement appropriate intra-regional routes.

2. <u>Funding Incentives</u>: The PTD can implement funding policies and procedures to favor regional transit systems through the adoption of:

- Preference for discretionary funds
- Preference for increases in programmatic funds
- Preference for facility and technology funds
- Provision of some/all local match for a limited period to encourage lone single-county systems to join an adjacent multi-county system.

3. <u>Effective Use of Large Urban, Small Urban, and Rural Area Funding</u>: The PTD will need to provide guidance and training to local public transportation systems, and should actively promote the revision of federal rules and regulations to better accommodate regional transportation system needs. A set of guidelines should be developed to assist transit system managers to develop allocation procedures that meet their service and organizational structures to ensure adherence to federal and state policies and procedures.

Operations

1. <u>Operations Training and Technical Support</u>: The management, staff, and operations personnel of regional public transportation systems will need training and technical support to adjust current practices and to develop new policies and procedures to efficiently and effectively accommodate service change requirements.

2. <u>Extra-Regional Coordination</u>: The proposed PTD regional oversight program consultant could be responsible for taking the lead to develop super-regional coordination strategies, in concert with the regional transit systems, and PTD rural and metropolitan program staff.

3. <u>Distributed vs. Centralized Operations</u>: Neither the centralized or distributed operations model offers clear advantages in all situations. Each region should be evaluated according to local characteristics and preferences, and the more appropriate model for local conditions should be adopted.

<u>Legislative Recommendations</u>

Changes to Federal and State Legislation and Policies

1. <u>Federal Transportation Legislation</u>: Different ways to mitigate the impacts of federal 13c labor protection clause in transit legislation could be explored such as:

- Phasing out its requirements over a period of years.

- Exempting certain small operations or special purpose services.

- Providing special funding that would offset its financial impacts.

2. <u>Coordination with Various Human Service Programs</u>: TEA-21 does not seem to create undue constraints or burdens on the development of regional transportation systems. Many of the problems cited stem more from state and local needs, policies and politics, than from TEA-21. Determine if the current requirement in TEA-21 that such coordination be addressed to the extent feasible could be strengthened to require that a formal plan for coordinating these services be developed in each area as a condition for receiving certain federal funds.

Some systems encounter problems utilizing the vehicles purchased under the large urban, small urban, and rural grant programs, and in accounting for the funds used in combined operations. This problem might be resolved by permitting some blending of the funds. An alternative solution would be to allow a certain percentage of rural funds to be used for urban service and vice versa.

3. <u>Regional Transportation Legislation</u>: In formulating design criteria for a regional public transportation agency, delineate some broad objectives or principles that describe its intended purpose and function. A list of such objectives is recommended below:

Organizational/Institutional

1. <u>Creation</u>: It is recommended that RTAs be created with the approval of the affected county boards, and also by the city councils of the principal municipalities in the region. It is further recommended that enabling legislation provide for three different "tiers" of RTAs. The *first tier* would include the three largest regions in the state (Charlotte, the Triad and the Triangle). The *second tier* regions are areas that currently have an urban public transportation system. The *third tier* regions are either smaller, non-MSA urban areas of less than 50,000 in population that have small urban transit operations (Boone and Wilson), or more rural areas that mostly provide rural and/or human service transportation.

2. <u>Legal Form</u>: It is recommended that RTAs be created as public "authorities." This is the primary mechanism that has been used for this purpose in North Carolina to date, particularly for the larger urban systems. It is also the prevalent approach used elsewhere in the country.

3. <u>Territorial Jurisdiction</u>: It is recommended that RTAs be organized geographically by county boundaries.

4. <u>Immediate vs. Phased Regional Implementation</u>: Disallow single-county authorities if they are within the territory of existing or prospective regional transit authorities. Allow single-county authorities but limit their powers if within a multi-county region. These options will allow the state to maintain some control over the size of regional transit systems. It is also recommended that RTAs have a means to expand their territorial jurisdiction

5. <u>Governance</u>: It is recommended that:

- The governing board be structured in a way that reflects the populations of the key political jurisdictions involved.

- The composition of RTA boards should be left to the discretion of the appointing authorities (i.e., key local governments).

- At-large members should be appointed by the Governor or Secretary of Transportation to represent the region as a whole.

- Consideration should be given to including a non-voting member from the NCDOT PTD on RTA boards.

- Terms of board members should be sufficiently long so that they are able to develop knowledge and experience (e.g., four years or more), and that staggered terms be considered in order to provide continuity. Compensation should be on a per diem basis.

6. County-by-County vs. Region-Wide Approval of RTAs: A region-wide referendum to create an RTA is preferred, as this provides one opportunity for all residents to cast their vote, and creates a single authority without any lapses in coverage of the region. If this option is likely to result in a small majority of voters in one or more local sub-areas being able to veto a regional transit system, then the option of creating an RTA that does not include the areas that do not elect to participate in it may be utilized in order to form a regional authority.

7. Transportation Advisory Board: In addition to the formal governing board, it is recommended that each RTA create a Transportation Advisory Board that the governing board is required to meet with on a regular basis. This board should include members who represent riders, citizens, the transportation disadvantaged, and other important stakeholders in the regional transit system.

Funding

1. Dedicated Funding: RTAs should be given the power to generate their own local funding through a dedicated funding source, such as a tax levy, and that the authority have the ability to levy the tax in stages.

2. Funding Equity: It is recommended that an RTA have at least some discretionary funding that it can use to respond to critical needs, and that not all funding is simply directed to sub-areas of the region by legislated formulas. Another approach that could be explored is creating a mechanism for some local funds to be returned to local jurisdictions that are not receiving a proportionate share of transit services.

3. Dedicated Funding: A suggested approach for determining the level of authority to impose tax levies for dedicated funding is as follows:

- *If the Board is composed entirely of elected officials,* allow certain limited special taxes, such as the vehicle-related taxes that TTA and PART can currently impose, to be approved by the board. (An additional taxpayer protection could be to require that an *extraordinary* majority of the board approve such a levy). *If the board is not entirely composed of elected officials,* require that the governing board of any affected county also approve the tax levy.

- Require that more general, broad-based taxes such as a sales tax, property tax or gas tax be submitted to the voters for approval.

4. Revenue Recovery Ratio Requirement: The issue of a revenue recovery ratio requirement should be explored. One area for further study would be whether a required revenue recovery ratio should vary depending on the type of service being operated or on the nature of the area being served.

5. State Public Transportation Funding Appropriation: In order to provide greater flexibility in meeting the changing needs of public transportation in the state, particularly as more and more systems regionalize and combine, it is recommended that the consolidation of some or all of these categories into fewer line items be explored.

Administration

In addition to the general power to provide public transportation services, certain additional powers should be considered for RTAs:

- *Eminent Domain* to give RTAs the ability to acquire land that may be needed for future rail lines, park-n-ride facilities, or consolidated operating and maintenance garages.

- *Special Security Force* to give the RTAs the power to provide and maintain (or contract for) a security force that can supplement the police forces of local jurisdictions in protecting the security of their riders and facilities.

Operations

RTAs should have the ability to operate, contract for, broker or subsidize public transportation services including all forms of regional surface transportation such as bus, rail, water, vanpool, carpooling, taxi and "human service" transportation. They should also have an ability to provide extraterritorial trips, especially those relating to medical needs, within some reasonable geographic limit from the authorities' territorial borders.
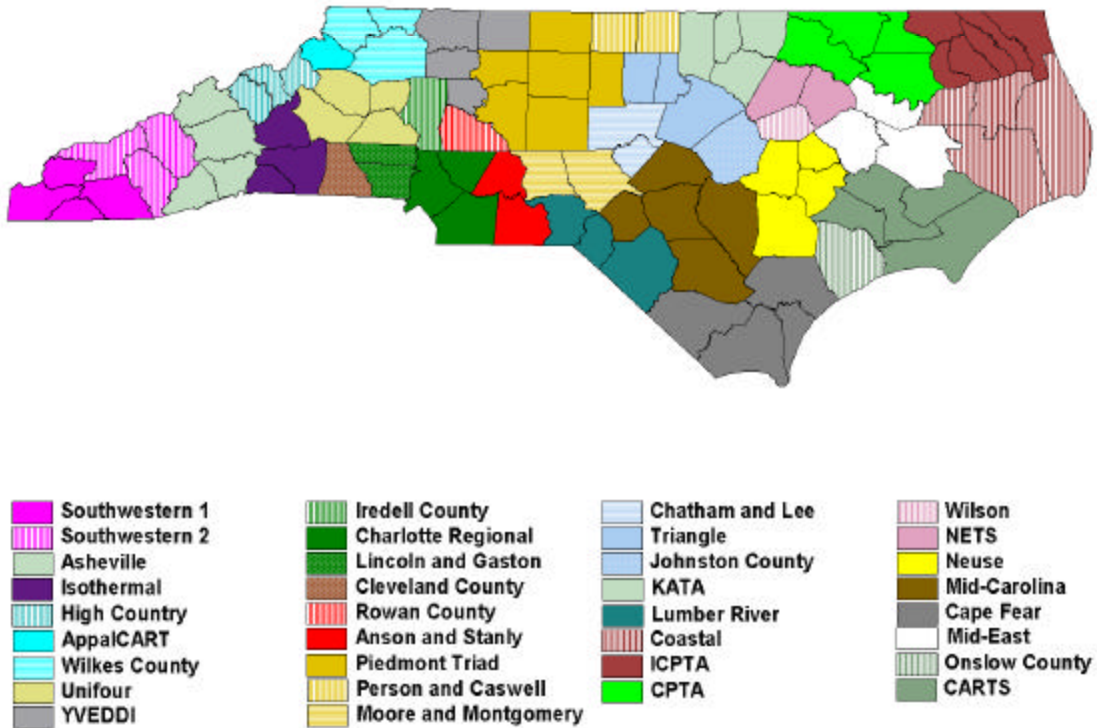
Potential Regional Systems

Regional community transportation systems and metropolitan transit systems should include geographic areas that share common economic, employment, political, and social characteristics. To determine potential boundaries for regional community transportation systems and metropolitan transit systems in North Carolina, ITRE staff reviewed the boundaries for the following organizations:

- Rural Transportation Planning Organizations (RPOs)

- Metropolitan Transportation Planning Organizations (MPOs)

- Councils of Government (COGs)

- NCDOT Highway Divisions

- Regional partnerships for economic development

- Proposed 511 Traveler Information System "Regions"

In addition to this review, ITRE analyzed regional commute patterns based on *Quik-Commute* from the State Library of North Carolina. The results of this review and analysis are presented on the map on the following page.

Potential Regional Transportation Systems

In addition to multi-county rural and city-county regional transit systems, there are three potential large metropolitan transportation systems in areas previously referred to as *Tier 1* regions. Each of these has already formed a regional transportation system, either through state legislation or interlocal agreement:

- The Triangle Transit Authority (TTA) in Wake, Durham and Orange Counties

- The Piedmont Authority for Regional Transportation (PART), initially formed in Alamance, Davidson, Forsyth, Guilford, Randolph and Rockingham Counties, but with authority to expand to 12 contiguous counties

- The Charlotte Area Transit System (CATS) in Mecklenburg County

F.   Recommendations for Next Steps

ITRE staff envision this report serving as an initial information source that may be provided to state and local stakeholders for review and comment. The research staff recommends that the PTD develop an action plan to accomplish the following activities:

- Distribute the study final report to selected North Carolina Community Transportation System and Metropolitan Transit Systems
- Conduct follow-up activities to receive initial comments from transit system managers.
- Prepare information for distribution to key stakeholders—all North Carolina transit system managers, elected officials (county and municipal), planners, MPO/RPO staff, Chambers of Commerce, etc.
- Distribute this information to key stakeholders throughout the state.
- Plan, conduct logistics for, and develop presentation/handout materials for regional meetings. Such meetings could be conducted in the Eastern, Piedmont, and Western parts of the state.
- Conduct regional meetings to receive comments from stakeholders.
- Conduct further study of the potential roles for RPOs with regional transit systems. For example, might an RPO become the lead agency for a regional transit system?
- Incorporate findings into Action Plan—purpose, goals, and key activities (what, who, when).
- Prepare informational materials for NC legislators (as appropriate).
- Distribute materials to NC legislators (as appropriate).
- Invite expressions of interest from existing transit systems to consolidate into one or more regional transit systems.
- Determine appropriate technical and financial assistance that will be required to support the development and implementation of one or more regional demonstration systems.
- Select one or more demonstration sites to become regional transit systems.
- Gather operating and financial statistics on existing transit systems that will become part of one or more regional systems, to allow comparison of "before" and "after" data to determine administrative and operational efficiencies gained as a result of regionalization.
- Provide technical and financial assistance to the affected transit systems before, during, and following the transition to a regional entity.
- Gather operating and financial statistics on existing transit systems that became part of one or more regional systems, to allow comparison of "before" and "after" data to determine administrative and operational efficiencies gained as a result of regionalization.